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C O N F I D E N T I A L SECTION 01 OF 02 CAIRO 000701

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SUBJECT: NEA DAS BUTLER DISCUSSES IRAQ WITH ARAB LEAGUE

CHIEF OF STAFF

REF: CAIRO 357

Classified By: Minister-Counselor William R. Stewart

Reasons: 1.4 (B) and (D)

- 11. (C) Visiting NEA DAS Butler discussed Iraq issues with Arab League Chief of Staff Hisham Yousef April 6. DAS Butler gave an overview of the current situation, including in Basrah, where the GOI had managed an overall gain of territorial control. Yousef claimed that Arab states are willing to increase economic activity in Iraq, but that Iraq continues to deny visas. He conceded that security fears are preventing the return of Arab ambassadors to Baghdad. Yousef urged that any "timetable" for withdrawal be based on progress benchmarks for the Iraqi government. On Kosovo, Yousef claimed that Arab League states would eventually recognize Kosovo, but it would take time. End summary.
- 12. (C) Yousef asked for an update on the situation, especially in Basrah. DAS Butler said that PM Maliki had moved approximately an entire division of Iraqi soldiers to Basrah and had independently planned and executed the recent operation. The Iraqi security forces control more of Basrah than before the operation, including the three major ports. The Iranians had supported the Jaysh al-Madi rebels with munitions made as recently as 2007, and Iran had actively re-supplied the rebels during the fighting. Most of the Iraqi soldiers had stood their ground and fought what turned out to be a difficult battle.
- 13. (C) DAS Butler assessed that PM Maliki was stronger than he was a year ago; he had survived despite the lack of support of Arab leaders and domestic efforts to bring him down. Iraqis by and large have come to support him. The economy is progressing. The Iraqi army is taking on Al Qaeda in Mosul and winning, although this has not received much publicity. The Syrians continue to turn a blind eye generally to the transit of foreign fighters, but the SARG is realizing that the fighting is getting closer to the Syrian border. Yousef argued that the Syrian-Iraqi bilateral relationship was improving and that the SARG had offered to sign cooperative agreements with the GOI, but to date there has been no response. He added that Damascus will host a meeting on the border April 14th, and that he understood Embassy Baghdad officials would attend.
- 14. (C) Yousef said that Arab states are interested in increasing economic and trade activity with Iraq. "We have Arab organizations that want to participate in Iraq in all fields," he said. Yousef complained, however, that the Iraqi government continues to refuse visas to bona fide businessmen, most recently a Moroccan group of industrial developers as well as agricultural developers from Sudan who sought to provide expertise on palm tree cultivation. He said he had raised this issue with the Iraqi delegation to the Arab League summit in Damascus last month. "They need to get their act together," Yousef said, noting that visas for "Kurdish areas only" is not an acceptable compromise.

- 15. (C) DAS Butler said that "trade follows the flag" and that the return of Arab ambassadors is critical to long-term trade and economic development. Yousef took the point, and said that the perception among Arab leaders is that the improvement in the security situation is tenuous. The political and physical risks associated with sending an ambassador to Iraq continue to outweigh the benefits in the minds of Arab leaders.
- 16. (C) Yousef said that while the political process appears to be "on track," more needs to be done to convince Arabs of the medium and long-term future of Iraq. DAS Butler commented that this was a passive analysis, and that a "wait and see" approach would not help the situation. At the very least, Arab leaders need to support Iraqi PM Maliki, rather than sit back and predict his political demise. Yousef responded that "no Arab leader" had ever taken an overt step to oust Maliki.
- 17. (C) Yousef said that any USG timetable for withdrawal needs to be an agreement between the USG and GOI, with progress benchmarks. DAS Butler agreed, and said we are already in discussion with the Iraqis on such a plan. Yousef asked if there might be a change in U.S.-Syrian relations; DAS Butler said this was unlikely unless the Syrians changed their position on several key issues (e.g. Lebanon, and foreign fighters into Iraq).
- 18. (C) Yousef said that the neighbors conference planned for April 22 would focus on displaced persons (e.g. Iraqis living in Jordan and Syria). He wondered if a needs assessment could be completed in time for the conference for Arab states to study. The burden of displaced Iraqis is large; what will

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Iraq do to help? DAS Butler said that such an assessment could be ready for the May 29th conference in Stockholm. PM Maliki is expected to present a report on overall progress at the neighbors' conference, "like a state of the union," Yousef said, and the Arab League is encouraging Maliki to be "very candid."

- 19. (C) As an aside, the two discussed Kosovo. Yousef said that the Arab League decided to consider Kosovo "in the Islamic context," at the Damascus summit, and will follow the lead of the Organization of Islamic Conference (OIC). He opined that recognition would come, but slowly. He said that technical and economic support for Kosovo, perhaps through the Islamic Development Bank, would likely happen in the interim.
- 110. (U) DAS Butler cleared this message. RICCIARDONE